

GIBSON, DUNN & CRUTCHER LLP
ETHAN D. DETTMER, SBN 196046
edettmer@gibsondunn.com
REBECCA JUSTICE LAZARUS, SBN 227330
rjustice@gibsondunn.com
One Montgomery Street
Suite 3100
San Francisco, California 94104
Telephone: (415) 393-8200
Facsimile: (415) 986-5309

Attorneys for Respondent
FINANCIAL INDUSTRY REGULATORY
AUTHORITY, INC. ("FINRA") f/k/a NATIONAL
ASSOCIATION OF SECURITIES DEALERS,
INC.

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

DENISE R. REED,

Petitioner,

v.

NATIONAL ASSOCIATION OF SECURITIES
DEALERS, INC., WHITE PACIFIC
SECURITIES, INC. and ROY L. PANELLI,

Respondents.

CASE NO. 4:07-CV-03648-CW

**STIPULATION AND ORDER
CONFIRMING SECTIONS 3B-3G OF THE
ARBITRATION AWARD AND
WITHDRAWING REQUEST FOR
CONFIRMATION OF SECTION 3A OF
THE ARBITRATION AWARD**

1 WHEREAS Respondent Financial Industry Regulatory Authority, Inc. ("FINRA") f/k/a
 2 National Association of Securities Dealers, Inc.¹ and Petitioner Denise Reed have agreed to stipulate
 3 to the following Proposed Order resolving the petition as it relates to Respondent FINRA and
 4 expungement of information regarding Petitioner Reed under the conditions set forth in this
 5 stipulation; and

6 WHEREAS, FINRA's Rule 2130 establishes procedures for FINRA members and associated
 7 persons, such as Petitioner Reed, to obtain expungement of customer dispute information from
 8 records FINRA maintains in the Central Registration Depository system ("CRD"), and these
 9 procedures include obtaining an arbitration award that grants expungement relief, and naming FINRA
 10 as a party to the court action in which petitioner seeks a court order confirming the arbitration
 11 award;² and

12 WHEREAS, FINRA's involvement in this matter is limited to the expungement of
 13 information regarding Petitioner Reed from CRD; and FINRA consents to confirmation of sections
 14 **3b-3g (on pages 4-5 of the Award)** of the arbitration award entered on June 4, 2007 in the matter of
 15 arbitration between Denise R. Reed, Claimant v. White Pacific Securities, Inc. and Roy L. Panelli,
 16 Respondents, Case Number 04-03449 (the "Award"), which sections of the Award direct
 17 expungement as follows:

- 18 1. FINRA will expunge from CRD all references to the following event described in the
 19 Award at sections **3b, 3c, 3d, and 3e**: allegations that Petitioner Reed was the subject
 20 of a customer complaint because she obtained a loan from a customer then failed to
 21 repay the loan, allegations that while employed at White Pacific Securities, Inc.
 22 ("White Pacific") Reed was the was the subject of NASD (now FINRA) regulatory

25 ¹ On July 30, 2007, National Association of Securities Dealers, Inc. changed its name to Financial
 26 Industry Regulatory Authority, Inc.

27 ² FINRA Notice to Members 04-16, available at
http://finra.complinet.com/finra/display/display.html?rbid=1189&record_id=1159000477&element_id=1159000478&highlight=2130#r1159000477.

1 action, and allegations that while employed at White Pacific. Reed was the subject of a
2 criminal action or civil fraud in Nevada. This expungement includes:

- 3 a. changing the "yes" response to "no" on question 14(b)(1) of the Form U4
4 amendment filed by White Pacific on March 11, 2004 ("March 11 Form U4),
5 and removal of the related Disclosure Review Page submitted with the March
6 11 Form U4;
- 7 b. changing "yes" responses to "no" on questions 7(a) – (e) of the Form U5 filed
8 by White Pacific on March 12, 2004 ("March 12 Form U5"), and removal of
9 related Disclosure Review Pages submitted with the March 12 Form U5;
- 10 c. similar changes to Form U4 amendments subsequently submitted by Integral in
11 response to the above-referenced disclosures on the March 11 Form U4 and the
12 March 12 Form U5;
- 13 d. changing the "yes" response to "no" on question 7(c) of the Form U5
14 amendment filed by Quick & Reilly on August 22, 2003 ("August 22 Form
15 U5") and removal of the related Disclosure Review Page submitted with the
16 August 22 Form U5; and
- 17 e. similar changes to all subsequent amendments to Reed's Form U4 submitted by
18 White Pacific and Integral in response to the above-referenced disclosure on
19 the August 22 Form U5.

- 20 2. FINRA will expunge from CRD all references to the following event described in the
21 Award at section **3f**: erroneous reporting of a civil matter relating to attorney's fees as
22 a criminal fraud matter. This expungement includes removal of the information from
23 the following forms: April 1, 2004 Form U4, March 11, 2004 Form U4. (FINRA is in
24 the process of expunging this information.)
- 25 3. FINRA will expunge from CRD all references to the following event described in the
26 Award at section **3g**: erroneous reporting that Petitioner Reed was terminated due to a
27 criminal fraud matter. This expungement includes removal of the information from
28

1 the following form: March 12, 2004 Form U5. (FINRA has already expunged this
2 information.)

3 WHEREAS Petitioner Reed agrees to withdraw its request for confirmation of section **3A** of
4 the Award, which pertains to the expungement of felony vandalism and aggravated assault charges
5 filed against Petitioner Reed in the General Sessions Court for Knox County, Tennessee;

6 WHEREAS, FINRA's interest in this matter is limited to the expungement of information in
7 Petitioner Reed's records maintained in CRD, and FINRA, as the entity that also provides the
8 arbitration forum, does not take a position on the sections of the Award that relate only to the dispute
9 between Petitioner Reed and Respondents White Pacific Securities, Inc. and Roy L. Panelli; and
10 therefore FINRA takes no position with regard to sections **1-2 and 4-7 (on pages 4-5 of the Award)**
11 of the Award ;
12

13 NOW THEREFORE, the parties hereby STIPULATE AND AGREE, and request the Court to
14 order and enter final judgment, as follows:

15 The arbitration award entered on June 4, 2007 in the matter of arbitration between Denise R.
16 Reed, Claimant v. White Pacific Securities, Inc. and Roy L. Panelli, Respondents, Case Number 04-
17 03449, concerning disclosures made by White Pacific Securities, Inc. and Roy L. Panelli to FINRA
18 and concerning expungement of these disclosures, is confirmed **as to sections 3b-3g** of the Award,
19 FINRA shall expunge the information described in paragraphs one through three above, and the
20 Court shall enter a final judgment in this matter with respect to confirmation of sections 3b-3g of the
21 award in accordance with this Order.

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FINRA shall bear its own costs but shall not bear the costs of any other party.

DATED: October 5, 2007

GIBSON, DUNN & CRUTCHER LLP

By: s/ Rebecca Justice Lazarus
Rebecca Justice Lazarus

Attorneys for Respondent
FINANCIAL INDUSTRY REGULATORY
AUTHORITY, INC. ("FINRA") f/k/a NATIONAL
ASSOCIATION OF SECURITIES DEALERS, INC.

DATED: October 5, 2007

SHUSTAK & PARTNERS, P.C.

By: s/ Jonah A. Toleno
Jonah A. Toleno

Attorneys for Petitioner
DENISE R. REED

IT IS SO ORDERED.

10/10/07

Dated: _____



Honorable Claudia Wilken
United States District Court Judge